

VZCZCXRO2608

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RUEHNL RUEHQU RUEHRD RUEHRC RUEHRS RUEHTM RUEHVC
DE RUEHCV #0600 1212158
ZNR UUUUU ZZH
P 302158Z APR 08
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 1050
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RUEHBO/AMEMBASSY BOGOTA 7777
RUEHLP/AMEMBASSY LA PAZ 2746
RUEHPE/AMEMBASSY LIMA 1022
RUEHQD/AMEMBASSY QUITO 2837
RUCPDOC/DEPT OF COMMERCE
RUEATRS/DEPT OF TREASURY
RUMIAAA/HQ USSOUTHCOM MIAMI FL

UNCLAS CARACAS 000600

SIPDIS

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HQ SOUTHCOM ALSO FOR POLAD
TREASURY FOR MMALLOY
COMMERCE FOR 4431/MAC/WH/MCAMERON

E.O. 12958: N/A

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SUBJECT: US AUTOMAKERS' DIFFICULTIES CONTINUE IN VENEZUELA

REF: CARACAS 535

¶11. (SBU) On April 29 labor negotiations between General Motors (GM) and its union reached a breaking point. GM Venezuela's legal counsel confirmed media reports that GM stopped production as a result of the impasse. In response to the halt in production, GM workers rioted, damaged 28 cars, and blew up a gas tank. Two employees were injured. (Note: Media reports erroneously stated that 780 vehicles were damaged. End Note.)

¶12. (SBU) GM then reached an interim agreement with the labor union "Syndicate of Winning Socialists" on April 30 and resumed normal production of 400 vehicles per day. GM was able to resume production when they met the union's demands for improved cafeteria food and better quality toilet paper. Production may halt again if GM cannot come to an agreement with the union on their proposed salary increase of roughly USD 16 per day versus GM's offer of USD 9.50. Production is continuing normally at Ford and Goodyear. Both reached hard-fought agreements with their unions in 2007.

¶13. (SBU) Chrysler, which halted production in March 2008, plans to re-start in mid-May (reftel.) Chrysler Venezuela President Luis Perez De La Cruz told the Embassy Chrysler halted production because they could not get enough dollars from CADIVI, the BRV foreign exchange agency, to pay their suppliers. De La Cruz went to CADIVI weekly requesting the funds which CADIVI finally released the second week in April.

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